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FISCAL IMPACT REPORT

SPONSOR King **DATE TYPED** 2/17/05 **HB** HM 14

SHORT TITLE Abandoned Mine Reclamation Trust Funds **SB** _____

ANALYST Hanika-Ortiz

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
		See Narrative	See Narrative	Recurring	

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)
New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

House Memorial 14 requests Congress pass legislation to reauthorize the abandoned mine reclamation fee and return state share balances of the abandoned mine reclamation trust fund.

Significant Issues

Congress authorized the states to develop abandoned mine land reclamation programs that pose a threat to public health, safety or the environment, and provided funding for these programs through a fee on coal production. New Mexico's program receives an average of \$1.8 million a year in grants. The coal production fee is scheduled to sunset June 20, 2005. HM 14 requests that Congress reauthorize the fee.

An average of five million dollars per year in fees is paid into federal abandoned mine reclamation fund by coal producers in New Mexico. One half of these fees are allocated to the state where the fees are collected. Mining and Minerals Division of the Energy Minerals and Natural Resources Department receives approximately one million eight hundred thousand dollars per year in federal grants.

The abandoned mine land fee was scheduled to expire on September 30, 2004. Congress failed to agree on legislation to reauthorize the fee, but extended the abandoned mine land fee until June 30, 2005.

PERFORMANCE IMPLICATIONS

New Mexico has worked with the national governors association, the western governors association, the interstate mining compact commission, Indian tribes and other states to urge congress to pass legislation to reauthorize the abandoned mine land fee. The western governors association adopted a resolution last June supporting the reauthorization of the fee and the return of the state share balances to the states.

FISCAL IMPLICATIONS

Fees are paid into the federal Abandoned Mine Reclamation Trust Fund. Congress has every year appropriated less money to the states than has been collected, resulting in an increasing fund balance currently at \$1.6 billion. Fifty percent of the collected fees are allocated to the state where the fee was collected. Therefore, included in the fund balance is \$20 million allocated to New Mexico's share. HM 14 requests that Congress appropriate to the states the current state share balances in the Fund.

The sunset of the fee would eventually lead to a loss of federal funding for the AML Program. AML projects could end, and so would private contracts for construction and reclamation.

OTHER SUBSTANTIVE ISSUES

NMED reports New Mexico's AML program is 100% federally funded through the fee. New Mexico's AML program has closed over 2 thousand mines, but there still is 15 thousand abandoned mine openings and hazards that remain.

NMED report that abandoned mines present a significant health and safety hazard and have the potential to pose threats to ground water, surface water and the environment. Reauthorization of the abandoned mine reclamation fee and the return of unappropriated state share balances of the abandoned mine reclamation trust fund will allow New Mexico to continue important work in safeguarding hazardous mine openings and reclaiming areas disturbed by abandoned mines.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The House of Representatives will not provide a memorial on behalf of the New Mexico State Legislature to encourage the Congressional delegation to move forward on AML fee reauthorization.

AHO/yr